



BOULT • CUMMINGS
CONNERS • BERRY PLC

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October 16, 2003

Kentucky Public Service Commission
Mr. Thomas M. Dorman
Executive Director
P.O. Box 615
211 Sower Boulevard
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RECEIVED

OCT 17 2003

PUBLIC SERVICE
COMMISSION

Re: *Inquiry into the Use of Contract Service Arrangements by
Telecommunications Carriers in Kentucky*
Case No. 2002-00456

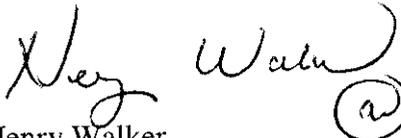
Dear Mr. Dorman:

Enclosed for filing is the Response of AT&T to the Joint Proposal of BellSouth, Kentucky Alltel and Cincinnati Bell.

I have also enclosed a copy to be stamped "filed" and returned in the enclosed, self-addressed, postage prepaid envelope.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: 
Henry Walker

HW/bb
Encl.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

October 16, 2003

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PUBLIC SERVICE
COMMISSION

IN RE:)
) CASE NO: 2002-00456
INQUIRY INTO THE USE OF CONTRACT)
SERVICE ARRANGEMENTS BY)
TELECOMMUNICATIONS CARRIERS IN)
KENTUCKY)

**RESPONSE OF AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES,
LLC TO THE JOINT PROPOSAL OF BELLSOUTH TELECOMMUNICATIONS, INC.,
KENTUCKY ALLTEL, INC., AND CINCINNATI BELL TELEPHONE COMPANY**

AT&T Communications of the South Central States, LLC ("AT&T") submits the following reply to the "Joint Proposal" presented by BellSouth Telecommunications, Inc. ("BellSouth"), Kentucky Alltel, Inc., and Cincinnati Bell Telephone Company. This response is intended to be only a summary of AT&T's position on the issue of contract service arrangements offered by incumbent local exchange carriers. These issues will be further discussed at the pending hearing in this matter on October 23, 2003.

The "Joint Proposal" filed last week is nearly identical to the proposal presented earlier by BellSouth and the other incumbents and discussed during an industry workshop on October 1, 2003. At that time AT&T expressed its strong opposition to the proposal which would, in effect, make the incumbents' filed tariffs obsolete and make it possible for the incumbents to engage in widespread discrimination, predatory pricing, and other anti-competitive practices with little regulatory oversight.

Under the Commission's current procedures, AT&T files all of its contract service arrangements ("CSAs") with the Commission. The CSAs filed by AT&T are complete and unredacted. Any Kentucky customer or competing carrier can readily determine all the terms

and conditions of each CSA as well as the name of the customer executing the CSA. Such transparency, AT&T submits, is the best way to protect the public from discriminatory pricing and anti-competitive practices.

If competitive local exchange carriers, such as AT&T, can comply with these filing requirements, it is even more important that incumbent carriers do so. That should be the goal of this proceeding.

Rather than promoting transparency, the Joint Proposal moves radically in the opposite direction. First, it allows the incumbents to enter into CSAs without any meaningful restrictions. The Joint Proposal would allow all carriers to offer CSAs “to meet competition or in other unique circumstances.” It lists, as examples, five situations where CSAs may be offered. Those situations are so broad as to be meaningless. They would allow an incumbent carrier to offer a CSA at any time and under any circumstances simply because the incumbent carrier has determined that it would be good a business deal. Under this proposal, a carrier’s published tariffs would be rendered meaningless and the door opened to wholesale price discrimination.

Second, the Joint Proposal does not require that any CSAs be filed with the Commission, except “upon request from the KPSC or staff.” In other words, other carriers or customers would never be able to request a copy of a CSA and the Commission could do so only if the agency asked for a specific contract. Without knowing of the existence of specific contracts, however, the agency would presumably only act upon receiving a complaint from a customer or a competing carrier. But, of course, a customer or competitor could rarely complain about an incumbent’s CSA if the incumbent keeps the contract itself a secret.

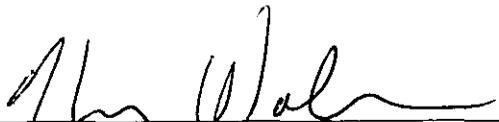
This proceeding was opened by the Commission more than a year ago primarily in response to problems created by the lack of scrutiny over BellSouth’s CSAs. Instead of shedding more light on BellSouth’s CSA practices, the Joint Proposal suggests more secrecy and less

review. That is the wrong direction for Kentucky ratepayers and for the regulation and promotion of a competitive, local exchange market.

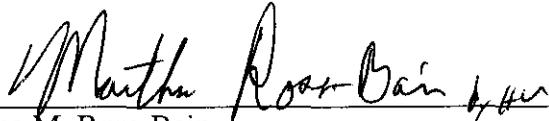
For these reasons and others which will be discussed further at the hearing on this matter, AT&T opposes the Joint Proposal and suggests that the incumbent carriers should, just as AT&T does, file all their CSAs, unredacted, with the Commission.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: 

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been forwarded via fax or hand delivery and U.S. mail to the following on this the 16th day of October, 2003.

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A handwritten signature in black ink, appearing to read 'Henry Walker', is written over a horizontal line. The signature is stylized and cursive.